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The President's Daily Brief

October 14, 1975

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FOR THE PRESIDENT ONLY

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LEBANON

Lebanon remains relatively calm as implementation of the latest truce continues. Sniper activity and occasional gun battles persist in several Beirut suburbs and in the Tripoli-Zagharta area.

A spontaneous reconciliation between a Muslim district in Beirut and a neighboring Christian community--where fighting has been especially intense--is widely regarded as one of the most hopeful developments of the past few weeks.

The improved security situation in the city has permitted the resumption of some essential services, including the resupply of hospitals and the delivery of much-needed food and fuel. The business and banking communities, however, are taking a wait-and-see attitude toward the cessation of fighting.

In his discussions with Ambassador Godley, Prime Minister Karami has appeared to foresee little progress beyond the solution of immediate security problems. Karami seemed only slightly encouraged by the decision of Arab League foreign ministers to hold a special session this week to discuss the Lebanese situation. The meeting is scheduled to convene in Cairo on Wednesday. Kuwait reportedly will submit a proposal for the formation of a joint Arab force to guarantee the cease-fire. It is questionable whether the Arabs, as a group, can accomplish much more than Syria has done alone.

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PORtUGAL

Prime Minister Azevedo in a speech last night announced new steps to bring the Portuguese economy under control. He did not, however, offer any specific proposals to counteract the immediate problems of public disorder and military indiscipline.

Azevedo, who received pledges of support from the cabinet and the military Revolutionary Council late last week, had been expected to call for strong curbs on leftist dissidents. Instead, he merely said the government "will answer the attempts to overthrow it by continuing to govern." President Costa Gomes' indecisiveness and unwillingness to provoke a confrontation probably account for Azevedo's inability to respond to leftist provocations.

In his speech, the Prime Minister appealed for popular support to improve the economy, which suffers from an unemployment rate of more than 10 percent, declining production rates, and an exceptionally large budget deficit. He urged workers to withhold excessive wage claims, increase production, and end the illegal occupation of farms and houses. His pleas will probably have little effect, since many of the labor disputes and illegal occupations have been incited by the far left and the Communist Party in an effort to shorten the life of the Azevedo government.

Azevedo said the entire population will be forced to undergo a "period of relative austerity" in order to turn the economy around. Government measures will include price hikes, an increase in indirect taxation, restrictions on imports, and reinforcement of public investment.

The Prime Minister took pains to explain the government's decision to seek foreign loans to cover the budget deficit--an approach that is anathema to Portuguese leftists.

Several West European governments have indicated their willingness to extend immediate loan assistance to Lisbon; recent EC and US pledges of support are in the form of project aid and cannot be implemented quickly. The loans, however, are contingent on Portugal's putting together a viable economic program.

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TURKEY

The results of Turkey's midterm parliamentary elections on Sunday have somewhat strengthened Prime Minister Demirel's position. His conservative Justice Party won half of the 54 Senate seats at stake and 5 of the 6 vacant National Assembly seats.

In percentage of the total vote, Demirel's party improved its position compared with that of 1973 but still polled a lower percentage than the major opposition party--Bulent Ecevit's Republican People's Party. The latter won 25 seats in the Senate and 1 in the Assembly.

The statistics on the share of the total vote may not accurately reflect the nationwide strengths of the two parties. A larger percentage of the seats contested Sunday were in strongholds of the Republican People's Party than would be the case in a general election.

Turkey's minor parties did poorly. US embassy officials believe Turkey may be moving back toward a two-party system after two years during which no party has had a majority in parliament. During this period, the country has been served by a succession of weak coalition governments.

Among the small parties that lost ground was the National Salvation Party--the government's coalition partner. The uncompromising position of its leader, Necmettin Erbakan, on a variety of issues has largely immobilized Demirel's government. The party's poor showing in the election could give Demirel more flexibility in dealing with a broad range of problems, including Cyprus.

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SPAIN

Three more middle-level officers were arrested last week in Barcelona in connection with the investigation of an underground network of dissidents in the military. Nine officers arrested last July are now detained in Madrid awaiting trial for illegal political activity. Four of these nine are being held incomunicado, a sign that they face serious charges.

Some Spanish authorities are concerned that overly harsh treatment of the arrested officers will drive more junior officers into the dissident camp. [] the need to defuse the situation was a reason behind military command changes announced over the weekend. The new commander in Madrid is said to be more likely than his predecessor to recommend light sentences.

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The dissident group--known as the Democratic Military Union--is composed of officers and non-commissioned officers from the army, navy, and air force. []

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Goals of the organization include Franco's abdication, establishment of a plural party system, and improved standards of efficiency in the armed forces.

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The military is divided as to what role it should play in restoring public order in Spain. Ultrarightists would like to see the army participate in the campaign against Spanish terrorists, but a majority of senior officers seem to disagree. They believe such a role would discredit the army's image and make it more difficult for the military to maintain order in the post-Franco period.

This latter view was evident in two speeches by senior Spanish officers over the weekend. Navy Minister Admiral Pita de Veiga said Spain was living through delicate moments and that it was the military's task to "stand firm so that politicians can do their politicking." General Guitana, commander of the military academy, took an even more reserved position when he said simply that "the army is above politics."

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NOTE

*French President Giscard d'Estaing arrives in
the USSR today for another in the series of periodic
Franco-Soviet summits.*

Although the main purpose of the trip is to
preserve the appearance of a "special relationship,"
the Soviets will probably seek a generalized French
endorsement of detente and of the results of the
European security conference.

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